

City of Nashua FY 2016 Proposed Budget Presentation

June 4, 2015

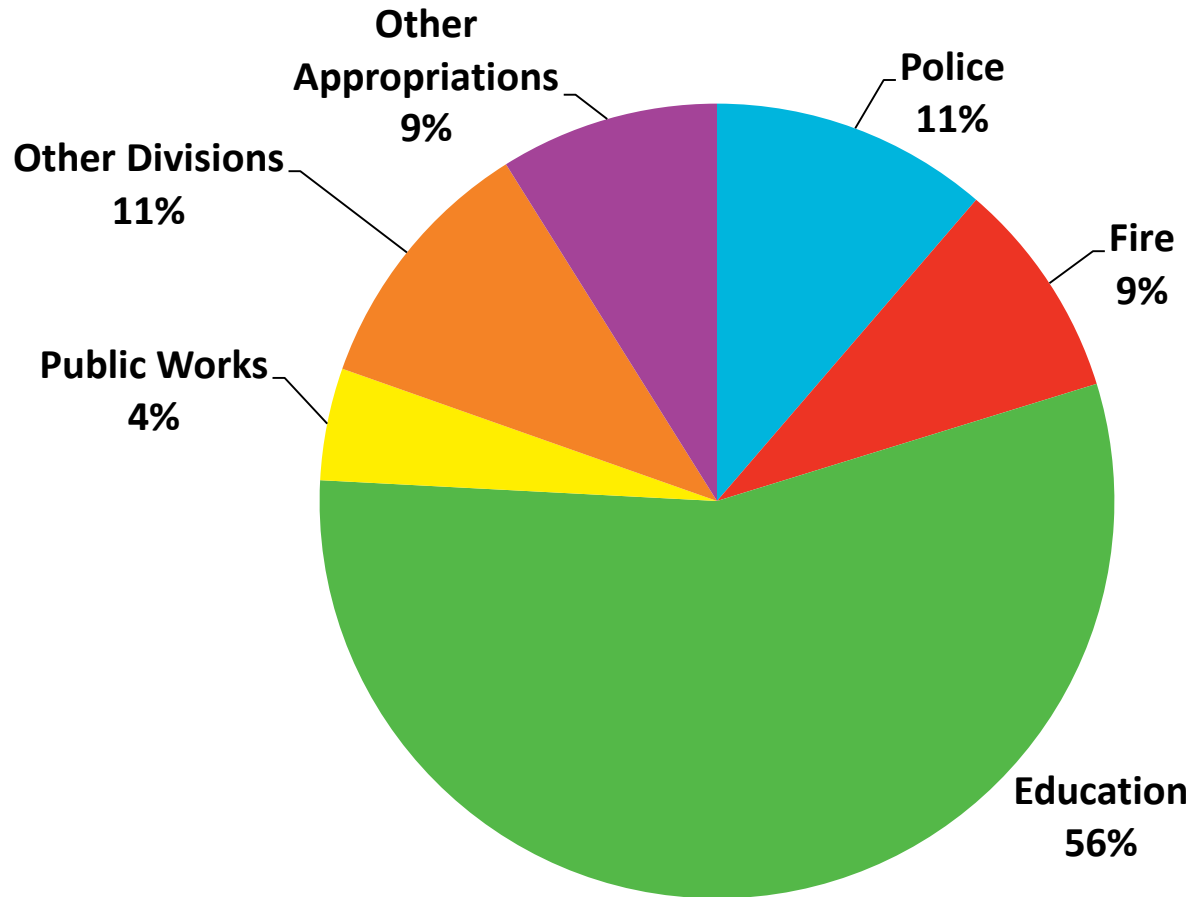


Proposed FY 2016 Budget

- **Proposed Operating Budget - \$244.8 Million**
 - Spending Cap Percentage – 1.5%
 - \$ Amount under the Spending Cap – \$105K
 - Increase Over FY 2015 Budget – \$4.0 Million
 - Projected Tax Increase – under 3.0%
 - Revenues
 - Revenues continue to be budgeted conservatively
 - Increase in motor vehicle registrations
 - Continued low interest rate environment
 - Unable to count on increase in State funds



Proposed FY 2016 Operating Budget



Operating Budgets FY08 to FY16

	Budget	\$ Increase	Cap %	\$ Under Cap
FY16*	\$244.8	\$4.0	1.5%	\$100K
FY15	\$240.8	\$4.8	2.1%	\$800K
FY14*	\$236.0	\$5.3	2.3%	\$400K
FY13	\$230.7	\$3.5	1.7%	\$500K
FY12**	\$227.2	\$3.8	2.0%	\$1.0M
FY11	\$223.4	\$4.7	2.2%	\$1.3M
FY10*	\$218.7	\$5.6	3.4%	\$1.4M
FY09	\$213.1	\$5.3	3.3%	\$1.7M
FY08*	\$207.8	\$5.4	3.1%	\$800K


\$ in Millions

* State Contribution Rate Changed

**Zero Subsidy



Cost Drivers for FY08 to FY16

	FY 2008	FY 2016	\$ Change	% Change	8 Year Avg.
Wages	\$107.6	\$131.2	\$23.6	21.9%	2.5%
Benefits	\$28.0	\$25.0	(\$3.0)	-10.7%	-1.4%
 Pensions*	\$15.8	\$29.4	\$13.6	86.1%	8.2%
Operating	\$56.5	\$59.2	\$2.7	4.8%	0.6%
\$ in Millions					

	FY 2008	FY 2016	\$ Change	% Change	8 Year Avg.
Totals	\$207.9	\$244.8	\$36.9	17.7%	2.1%

*Includes NHRS, BPW, FICA, and Medi Appropriations



Share of Increase in Pensions

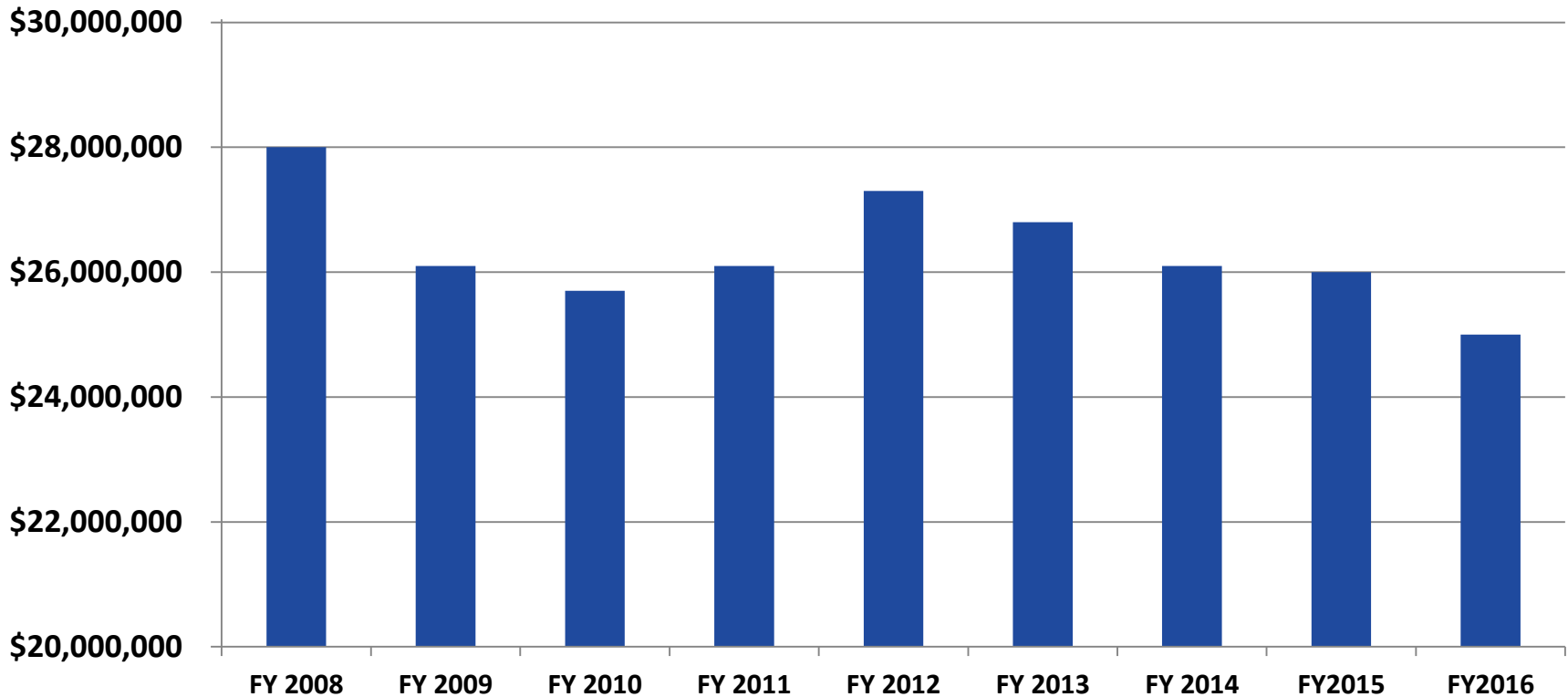
Dept.	\$ Increase	% of Total
Fire	\$495,779	22.5%
Police	306,775	13.9%
Other	87,051	3.9%
School	<u>1,316,000</u>	59.7%
Total	<u>\$2,205,605</u>	

- Fire, Police, and School account for 96% of increase in Pension Expense (Pension includes FICA, Medi, and NHRS Pension)



Cost Mitigating Strategies

Reduction in Benefits Appropriations



FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16
\$28.0	\$26.1	\$25.7	\$26.1	\$27.3	\$26.8	\$26.1	\$26.0	\$25.0

\$ in Millions



Other Cost Related Initiatives

- City-wide Fleet Assessment
- CERF Funding Plan
- Alternative Fuel Vehicles
- Purchasing Energy from Third Party Suppliers
- Competitive Bond Sales – 2.67%, 2.86%, 2.43%, 2.96%, 2.53%
- Refunded old Bond Issues in FY 15 – net savings of \$500K
- Refinanced \$28.3 million in 13 State Revolving Fund (SRF) Loans
 - @2.16 % saving \$2.4 million
 - First time in NH State history that an SRF Loan was refinanced



Energy Management

Electricity & Natural Gas

FY 2011 – FY 2014

Electricity

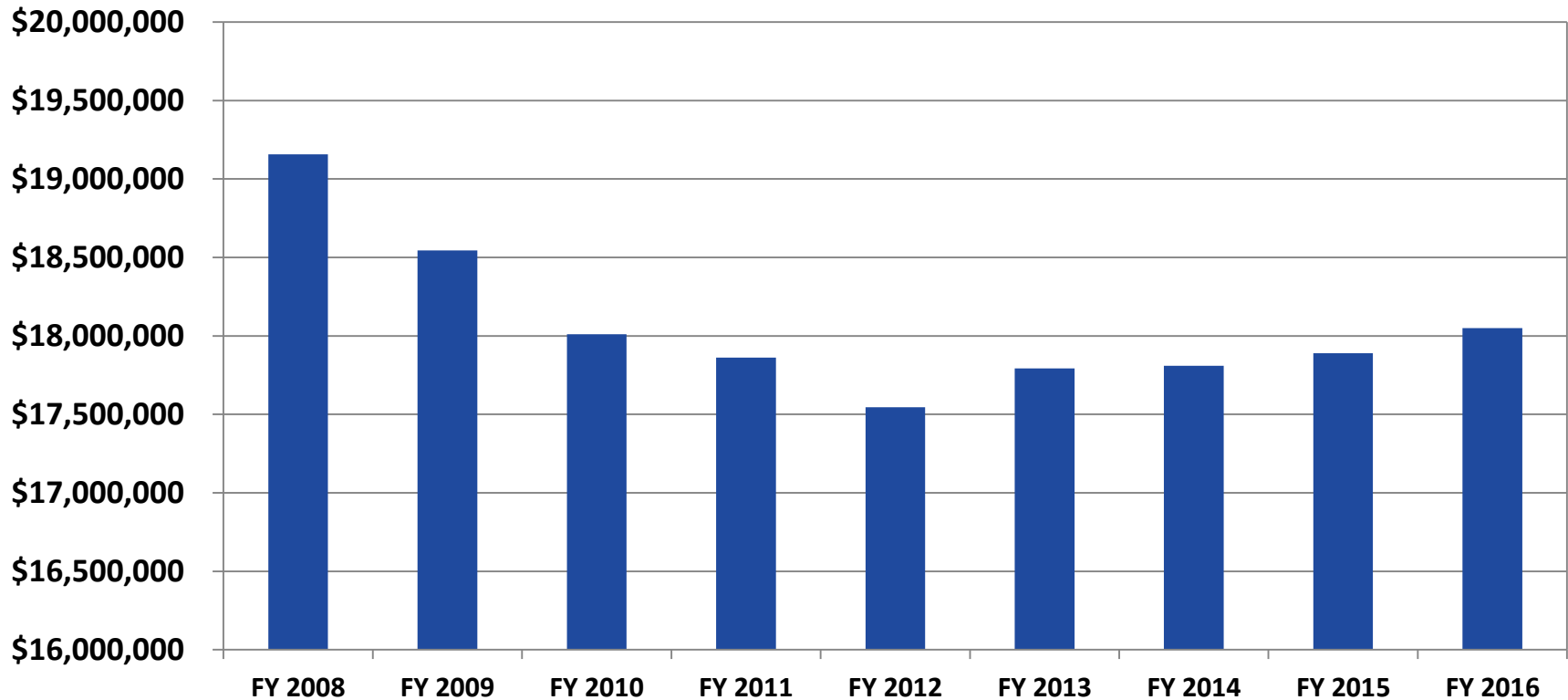
- Electricity energy supplies purchased have been approximately 20% lower than the PSNH/Eversource default energy price
- This has resulted in electricity energy supply savings from the FY 2011 base period of approximately \$2.1 million

Natural Gas

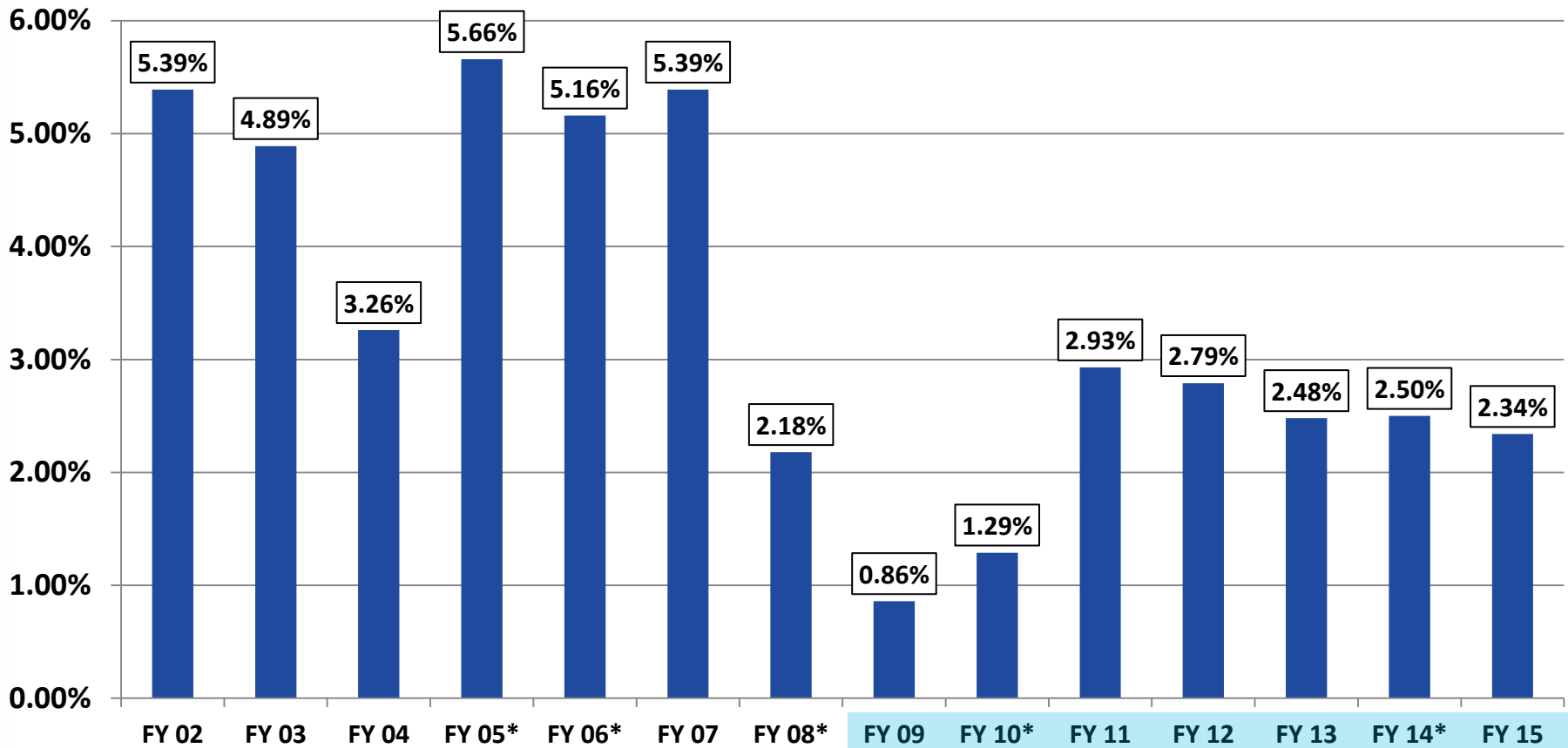
- Natural gas supplies purchased have been approximately 25-30% lower than the Liberty Utilities default price
- This has resulted in natural gas supply savings from the FY 2011 base period of approximately \$1.0 million



Reduction in Annual Debt Service



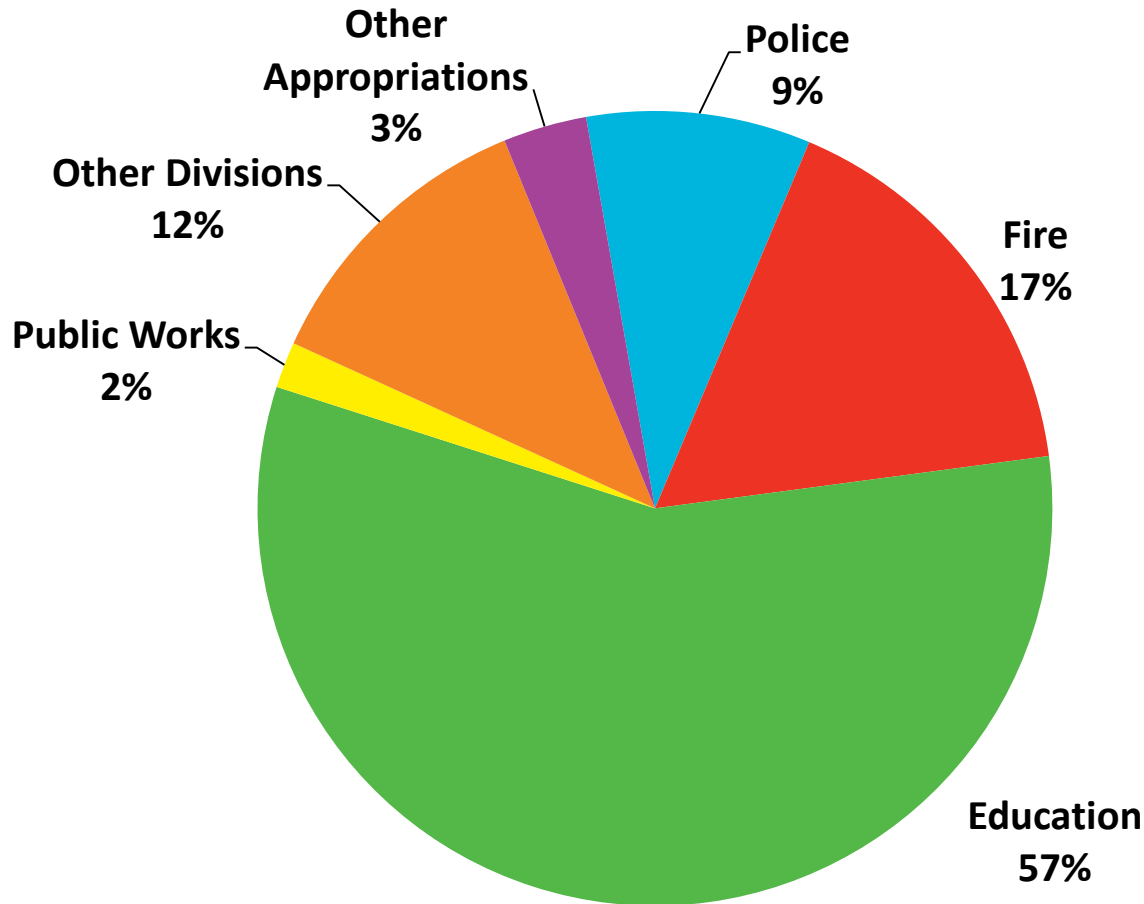
Tax Rate Management



*Update Year - % increase in amounts raised by taxes



Proposed FY 2016 Share of \$4.0 Million Increase



FY 2017 Budget Challenges

- **FY 2017 Budget Issues**

- The Spending Cap likely less than 1%
 - At 1% the new allowable spend would be \$2.5 million
- Potential State Adequacy Aid Education Revenue Loss of \$400K
- CERF Appropriation increase of \$1.175 million
- Pension/FICA/Medi costs are estimated to increase by \$700K
- Increases in current negotiated wages and expiring contracts could exceed the allowable amount under the Spending Cap

